Finance Companies Below Top 100

Ranked by Total Capital Funds
As of Dec. 31, 1985 or Nearest Fiscal Year-End

(Dollar Figures in Thousands)

Rank 12/85		Capital Funds 12/31/85	12/31/84	Rank 12/84
101	1st Franklin Financial Corp., Toccoa, Ga.	23,562	21,135	95
102	Century Business Credit Corp., New York	21,700	21,366	94
103	First Illinois Finance Co., Evanston (g)	20,929	.....	...
104	Deutsche Credit Corp., Deerfield, Ill.	20,560	45,183	73
105	Public Finance Service, Inc., Bala Cynwyd, Pa.	20,531	20,489	96
106	Community Credit Co., Edina, Minn.	20,297	18,460	99
107	First Wisconsin Financial Corp., Milwaukee (g)	19,347	22,485	90
108	Personal Finance Co, Chicago Heights, Ill. (b)	17,837	16,553	103
109	Security Finance Corp., Spartanburg, S.C.	17,403	21,446	93
110	First Hawaiian Creditcorp, Inc., Honolulu (g)	16,734	16,707	102
111	Security Mutual Finance Corp., Decatur, Ala.	15,927	13,025	106
112	National City Credit Corp., Cleveland (g)	15,478	12,167	108
113	Horowitz Finance Corp., Millburn, N.J. (b,c)	15,085	12,813	107
114	American Fletcher Financial Services, Inc., Marion, Ind. (g)	14,416	11,612	109
115	CBT Financial Corp., Hartford, Conn. (g)	11,187	16,242	105
116	Sovran Credit Corp., Elizabeth City, N.C. (g)	9,035	7,457	113
117	United Finance Co., Portland, Ore. (b)	8,972	8,340	112
118	General Innkeeping Acceptance Corp., Memphis, Tenn.	8,636	N.A.	...
119	Tower Loan of Mississippi, Jackson	8,053	.....	...
120	NatWest Commercial Services, Inc., New York (g)	7,503	7,248	115
121	Pioneer Financial Services, Inc., Kansas City, Mo. (b)	7,374	7,324	114
122	BVA Credit Corp., Richmond (g)	7,362	6,570	118
123	Finance Company of America, Baltimore	7,155	7,139	116
124	Peoples Loan & Finance Corp., Marietta, Ga.	7,101	6,339	119
125	Mechanics Finance Co., Jersey City, N.J.	6,908	5,878	120
126	Gulfco Investment Group, Inc., Marksville, La.	6,788	8,588	111
127	AmSouth Financial Corp., Birmingham, Ala. (g)	5,469	1,500	126
128	Pioneer Credit Corp., Hartford, Conn. (g)	4,853	3,972	121
129	Pioneer Credit Co., Cleveland, Tenn. (b,c)	4,066	N.A.	...
130	Republic Finance, Inc., Baton Rouge, La. (b)	3,471	.....	...
131	Western Funding, Inc., Garden Grove, Calif.	3,283	.....	...
132	Family Credit Services, Inc., Tucker Ga. (g)	3,183	16,372	104
133	Gibraltar MoneyCenter, Inc., San Diego, Calif.	3,000	.....	...
134	First American Comm'l Finance, Inc., Nashville, Tenn. (g)	2,359	1,561	125
135	Zenith Financial Corp., Great Neck, N.Y. (b,c)	2,054	N.A.	...
136	Colonial Business Finance Corp., Waterbury, Conn. (g)	1,000	2,343	123
137	Southern National Financial Corp., Charlotte, N.C. (g)	323	324	...

Largest Captive Finance Companies

Ranked by Total Capital Funds
As of Dec. 31, 1985 or Nearest Fiscal Year-End

(Dollar Figures in Thousands)

Rank 12/85		Capital Funds 12/31/85	12/31/84	Rank 12/84	Gain in Rank
1	General Motors Acceptance Corp., Detroit	6,562,900	5,943,600	1	
2	Ford Motor Credit Co., Dearborn, Mich.	3,269,900	2,892,100	2	
3	Chrysler Financial Corp., Troy, Mich.	2,790,500	1,404,247	4	+ 1
4	Sears Roebuck Acceptance Corp., Wilmington, Del.	2,199,485	2,213,124	3	
5	American Express Credit Corp., Wilmington, Del.	1,014,000	861,000	5	
6	Montgomery Ward Credit Corp., Wilmington, Del.	786,000	846,000	6	
7	J.C. Penney Financial Corp., New York(b)	749,000	712,213	8	+ 1
8	John Deere Credit Co., Reno, Nev.(b)	661,251	629,305	9	+ 1
9	Navistar Financial Corp., Schaumburg, Ill. (b)	422,758	842,486	7	
10	Xerox Credit Corp., Greenwich, Conn.	384,900	337,800	11	+ 1
11	J.I. Case Credit Corp., Racine, Wis.	366,481	357,856	10	
12	UT Credit Corp., Hartford, Conn.	357,759	N.A.	...	
13	Macy Credit Corp., New York	308,408	N.A.	...	
14	Clark Equipment Credit Corp., Buchanan, Mich.	267,623	263,959	15	+ 1
15	Mack Financial Corp., Allentown, Pa.	254,456	243,400	17	+ 2
16	Mobil Oil Credit Corp., Kansas City, Mo.	252,205	250,126	16	
17	Fruehauf Finance Co., Detroit	238,900	225,467	18	+ 1
18	Deutz-Allis Credit Corp., West Allis, Wis.	178,803	275,373	14	
19	ITT Credit Corp., Uniondale, N.Y.	158,980	128,826	21	+ 2
20	May Department Stores Credit Co., Reno, Nev. (c)	154,820	140,631	19	
21	Cessna Finance Corp., Wichita, Kan.(b)	145,669	137,932	20	
22	Paccar Financial Corp., Bellevue, Wash.	123,972	114,498	22	
23	Honeywell Finance, Inc., Minneapolis	102,199	98,588	23	
24	Ingersoll-Rand Financial Corp., Woodcliff Lake, N.J.	97,438	93,196	24	
25	Toyota Motor Credit Corp., Torrance, Calif.(b,c)	93,372	.....	...	
26	Union Oil Credit Corp., Los Angeles	80,564	85,612	25	
27	Associated Dry Goods Credit Corp., New York(b)	77,552	73,596	26	
28	Carter Hawley Hale Credit Corp., Los Angeles (b)	71,000	N.A.	...	
29	Amoco Credit Corp., Chicago	68,574	68,585	27	
30	Allied Stores Credit Corp., New York (b)	63,446	61,425	28	
31	Amca International Finance Corp., Brookfield, Wis.	53,455	53,504	29	
32	FMC Finance Corp., Chicago	45,324	44,429	32	
33	Agristor Credit Corp., Elm Grove, Wis.	43,295	46,162	31	
34	Eaton Credit Corp., Cleveland	35,836	33,987	34	
35	Singer Credit Corp., Stamford, Conn.	33,615	N.A.	...	
36	Genesco Financial Corp., Nashville, Tenn.(b)	33,400	35,231	33	

A captive finance company is defined as a company whose principal activity consists of financing purchase of products or services sold by its parent company or by another subsidiary of the parent company.
(b) — Year ending on date other than Dec. 31.
(c) — Current year's figures are for a date different from preceding year.

Largest Independent or Affiliated Finance Companies

Ranked by Total Capital Funds
As of Dec. 31, 1985 or Nearest Fiscal Year-End

(Dollar Figures in Thousands)

Rank 12/85		Capital Funds 12/31/85	12/31/84	Rank 12/84	Gain in Rank
1	General Electric Credit Corp., Stamford, Conn.	2,252,652	1,996,781	1	
2	C.I.T. Financial Corp., Livingston, N.J. (g)	1,591,895	1,485,220	2	
3	Associates Corp. of No. America, Dallas(b)	1,372,450	1,210,813	3	
4	Household Financial Services, Prospect Heights, Ill.	1,371,200	1,148,700	5	+ 1
5	ITT Financial Corp., St. Louis, Mo.	1,277,300	1,075,294	6	+ 1
6	Avco Financial Serv Inc., Newport Beach, Calif. (c)	1,166,678	1,186,657	4	
7	Beneficial Corp., Wilmington, Del.	1,092,000	1,042,800	7	
8	Commercial Credit Co., Baltimore	916,200	952,250	8	
9	Westinghouse Credit Corp., Pittsburgh	904,570	748,077	9	
10	Manuf Hanover Fin'l Serv, Inc, Huntingdon Valley, Pa. (g)	850,585	359,808	18	+ 8
11	Heller Financial, Inc., Chicago	742,992	699,765	10	
12	Barclays American Corp., Charlotte, N.C.	731,925	682,036	11	
13	Borg-Warner Acceptance Corp., Chicago	619,600	618,900	12	
14	Blazer Financial Services, Inc. Miami	587,174	313,942	19	+ 5
15	Transamerica Financial Corp., Los Angeles	586,135	453,696	13	
16	Credithrift Financial Corp., Evansville, Ind.	546,618	453,073	14	
17	Security Pacific Finance Corp., San Diego, Calif. (g)	530,900	387,800	17	
18	Chase Manhattan Leasing Co., Englewood Cliffs, N.J. (g)	461,661	N.A.	...	
19	Norwest Financial Serv, Inc., Des Moines, Iowa (g)	427,727	450,141	15	
20	Commercial Alliance Corp., New York (g)	261,997	148,768	23	+ 3
21	Greyhound Leasing & Financial Corp., Phoenix, Ariz.	246,498	1,196,915	...	
22	Leucadia National Corp., New York	239,000	211,000	20	
23	McDonnell Douglas Finance Corp., Long Beach, Calif.	229,308	229,180	...	
24	Fleet Financial Corp., Providence, R.I. (g)	197,534	168,025	21	
25	Philip Morris Credit Corp., New York	180,019	.....	...	
26	Whirlpool Acceptance Corp., Benton Harbor, Mich.	156,173	145,517	24	
27	Sunoco Credit Corp., Wilmington, Del.	151,971	151,818	22	
28	Equitable Life Leasing Corp., San Diego, Calif.	142,255	132,351	...	
29	PSFS Credit Corp., Norwalk, Conn.	107,435	80,296	31	+ 2
30	Glenfed Financial Corp., Dallas(b,c)	106,519	124,367	25	
31	Bankers Leasing & Fin'l Corp., San Mateo, Calif.	104,522	96,930	...	
32	Foothill Group, Inc., Los Angeles	99,160	108,824	27	
33	Pacificorp Credit, Inc., Portland, Ore. (g)	99,114	85,669	29	-
34	Congress Financial Corp., New York (g)	86,776	83,177	30	
35	Fidelity Acceptance Corp., Minneapolis (g) (b)	79,255	51,595	37	+ 1
36	Maryland National Affiliates Corp., Baltimore (g)	74,605	44,733	43	+ 6
37	TSO Financial Corp., Horsham, Pa.	60,405	.....	...	
38	Kentucky Finance Co., Inc., Lexington	59,636	49,658	38	
39	Mellon Financial Services Corp., Oak Brook, Ill. (g)	58,065	55,514	35	
40	Government Employees Financial Corp., Denver	57,870	56,678	34	
41	Century Acceptance Corp., Kansas City, Mo.	57,621	46,561	41	
42	Heights Finance Corp., Peoria, Ill.(b)	57,434	43,355	44	+ 1
43	Chemical Financial Services Corp., Cleveland (g)	56,808	35,158	48	+ 4
44	First Manufact Housing Cred Cp., Glen Burnie, Md. (g)	49,549	2,049	90	+45
45	Budd Financial Corp., Troy, Mich.(b,c)	49,440	N.A.	...	
46	Bank of New England Comm. Finance Corp., Boston	46,023	.....	...	
47	Allied Finance Co., Dallas (b)	43,432	40,373	45	
48	Oxford Finance Companies, Inc., Philadelphia	41,116	27,674	53	+ 4
49	Capitol Finance Group, Inc., Charlotte, N.C. (g)	40,910	21,511	58	+ 8
50	U.S. Bancorp Financial, Inc., Portland, Ore. (g)	38,982	47,843	40	
51	First Family Financial Services, Atlanta (g)	38,557	55,130	36	
52	New England Merchants Leasing Corp., Boston (g)	36,683	32,997	...	
53	Rosenthal & Rosenthal, Inc., New York	34,535	35,571	47	
54	Signal Financial Corp., Pittsburgh (g)	33,818	33,727	49	
55	TranSouth Financial Corp., Florence, S.C. (g)	33,582	48,675	39	
56	Finance Factors, Inc., Honolulu	30,353	29,500	50	
57	Provident Financial Corp., Columbia, S.C. (g)	30,223	28,808	51	
58	Firstmark Financial Corp, Indianapolis	29,948	27,912	52	
59	Commonwealth Financial Corp., Walnut Creek, Calif.	29,922	18,259	66	+ 6
60	Horrigan American, Inc., Reading, Pa.	28,982	24,640	54	
61	Wisconsin Finance Corp., Shawano	28,033	24,490	55	
62	John Hancock Leasing Corp., Boston	24,976	21,634	57	
63	First Union Commercial Corp., Charlotte, N.C. (g)	23,997	20,271	63	
64	Landmark Fin'l Services, Inc., Silver Spring, Md. (g)	23,794	19,903	64	
65	1st Franklin Financial Corp., Toccoa, Ga.	23,562	21,135	61	
66	Century Business Credit Corp., New York	21,700	21,366	60	
67	First Illinois Finance Co., Evanston (g)	20,929	.....	...	
68	Deutsche Credit Corp., Deerfield, Ill.(m)	20,560	45,183	42	
69	Public Finance Service, Inc., Bala Cynwyd, Pa.	20,531	20,489	62	
70	Community Credit Co., Edina, Minn.	20,297	18,460	65	
71	First Wisconsin Financial Corp., Milwaukee (g)	19,347	22,485	56	
72	Personal Finance Co, Chicago Heights, Ill. (b)	17,837	16,553	69	
73	Security Finance Corp., Spartanburg, S.C.	17,403	21,446	59	
74	First Hawaiian Creditcorp, Inc., Honolulu (g)	16,734	16,707	68	
75	Security Mutual Finance Corp., Decatur, Ala.	15,927	13,025	72	
76	National City Credit Corp., Cleveland (g)	15,478	12,167	74	
77	Horowitz Finance Corp., Millburn, N.J. (b,c)	15,085	12,813	73	
78	American Fletcher Financial Serv Inc., Marion, Ind. (g)	14,416	11,612	75	
79	CBT Financial Corp., Hartford, Conn. (g)	11,187	16,242	71	
80	Sovran Credit Corp., Elizabeth City, N.C. (g)	9,035	7,457	79	
81	United Finance Co., Portland, Ore. (b)	8,972	8,340	78	
82	General Innkeeping Acceptance Corp., Memphis, Tenn.	8,636	N.A.	...	
83	Tower Loan of Mississippi, Jackson	8,053	.....	...	
84	NatWest Commercial Services, Inc., New York (g)	7,503	7,248	81	
85	Pioneer Financial Services, Inc., Kansas City, Mo. (b)	7,374	7,324	80	
86	BVA Credit Corp., Richmond (g)	7,362	6,570	84	
87	Finance Company of America, Baltimore	7,155	7,139	82	
88	Peoples Loan & Finance Corp., Marietta, Ga.	7,101	6,339	85	
89	Mechanics Finance Co., Jersey City, N.J.	6,908	5,878	86	
90	Gulfco Investment Group, Inc., Marksville, La.	6,788	8,588	77	
91	AmSouth Financial Corp., Birmingham, Ala. (g)	5,469	1,500	92	
92	Pioneer Credit Corp., Hartford, Conn. (g)	4,853	3,972	87	
93	Pioneer Credit Co., Cleveland, Tenn. (b,c)	4,066	N.A.	...	
94	Republic Finance, Inc., Baton Rouge, La. (b)	3,471	.....	...	
95	Western Funding, Inc., Garden Grove, Calif.	3,283	.....	...	
96	Family Credit Services, Inc., Tucker Ga. (g)	3,183	16,372	70	
97	Gibraltar MoneyCenter, Inc., San Diego, Calif.	3,000	.....	...	
98	First American Comm'l Finance, Inc., Nashville, Tenn. (g)	2,359	1,561	91	
99	Zenith Financial Corp., Great Neck, N.Y. (b,c)	2,054	N.A.	...	
100	Colonial Business Finance Corp., Waterbury, Conn. (g)	1,000	2,343	89	

(b) — Year ending on date other than Dec. 31. (c) — Current year's figures are for a date different from preceding year. (g) — A subsidiary of a domestic commercial or saving bank organization. (m) — Owned by a foreign commercial banking organization. N.A.— Not available.

Top 50 Finance Companies In Net Income for 1985

Rank 12/85		Net Income 12/31/85	12/31/84	% Gain
1	General Motors Acceptance Corp., Detroit	1,021,000,000	784,800,000	30.10
2	Ford Motor Credit Co., Dearborn, Mich.	440,500,000	310,400,000	41.91
3	General Electric Credit Corp., Stamford, Conn.	377,216,000	320,349,000	17.75
4	Associates Corp. of No. America, Dallas	180,420,000	139,212,000	29.60
5	Chrysler Financial Corp., Troy, Mich.	154,300,000	83,104,741	85.67
6	Household Financial Services, Prospect Heights, Ill.	142,800,000	153,300,000	- 6.85
7	ITT Financial Corp., St. Louis, Mo.	141,008,000	124,407,000	13.34
8	American Express Credit Corp., Wilmington, Del.	126,000,000	140,000,000	-10.00
9	C.I.T. Financial Corp., Livingston, N.J. (g)	120,766,000	137,074,000	-11.90
10	Sears Roebuck Acceptance Corp., Wilmington, Del.	111,360,435	129,190,103	-13.80
11	Beneficial Corp., Wilmington, Del.	101,200,000	106,300,000	- 4.80
12	Westinghouse Credit Corp., Pittsburgh	78,220,000	67,075,000	16.62
13	Avco Financial Services, Inc., Newport Beach, Calif.	76,847,000	102,507,000	-25.03
14	Montgomery Ward Credit Corp., Wilmington, Del.	74,000,000	80,000,000	- 7.50
15	Xerox Credit Corp., Greenwich, Conn.	68,100,000	57,700,000	18.02
16	Transamerica Financial Corp., Los Angeles	67,927,000	52,252,000	30.00
17	Navistar Financial Corp., Schaumburg, Ill.	60,541,000	44,921,000	34.77
18	Norwest Financial Services, Inc., Des Moines, Iowa (g)	58,143,000	45,725,703	27.16
19	Borg-Warner Acceptance Corp., Chicago	57,300,000	43,800,000	30.82
20	John Deere Credit Co., Reno, Nev.	56,946,000	52,238,000	9.01
21	Credithrift Financial Corp., Evansville, Ind.	55,843,000	46,171,000	20.95
22	Security Pacific Finance Corp., San Diego, Calif. (g)	53,200,000	47,000,000	13.19
23	Manuf Hanover Fin'l Serv Inc, Huntingdon Valley, Pa.(g)	42,226,000	26,691,000	58.20
24	J.C. Penney Financial Corp., New York	39,000,000	53,666,000	-27.33
25	Barclays American Corp., Charlotte, N.C.	35,157,000	30,113,000	16.75
26	J.I. Case Credit Corp., Racine, Wis.	32,890,000	33,353,000	- 1.39
27	McDonnell Douglas Finance Corp., Long Beach, Calif.	29,709,000	40,505,000	-26.65
28	UT Credit Corp., Hartford, Conn.	29,040,000	N.A.	.....
29	Fleet Financial Corp., Providence, R.I. (g)	27,610,000	24,170,000	14.23
30	Macy Credit Corp., New York	26,809,000	N.A.	.....
31	Chase Manhattan Lsng Co., Englewood Cliffs, N.J.(g)	25,426,000	N.A.	.....
32	Mobil Oil Credit Corp., Kansas City, Mo.	25,079,000	29,524,000	-15.06
33	Fruehauf Finance Co., Detroit	23,432,433	20,118,792	16.47
34	Philip Morris Credit Corp., New York	23,352,000	.....	.....
35	Amoco Credit Corp., Chicago	22,942,000	16,984,000	35.08
36	Chemical Financial Services Corp., Cleveland (g)	22,430,000	11,077,000	102.49
37	Leucadia National Corp., New York	22,000,000	52,000,000	-57.69
38	Mack Financial Corp., Allentown, Pa.	21,238,000	26,376,000	-19.48
39	PSFS Credit Corp., Norwalk, Conn.	20,379,586	9,357,696	117.78
40	Commercial Alliance Corp., New York (g)	20,290,000	15,994,000	26.86
41	ITT Credit Corp., Uniondale, N.Y.	17,704,427	16,975,450	4.29
42	Clark Equipment Credit Corp., Buchanan, Mich.	16,832,000	19,316,000	-12.86
43	Equitable Life Leasing Corp., San Diego, Calif.	15,281,000	10,099,000	51.31
44	May Department Stores Credit Co., Reno, Nev.	14,189,000	12,923,000	9.80
45	Deutz-Allis Credit Corp., West Allis, Wis.	13,764,000	23,200,000	-40.67
46	Whirlpool Acceptance Corp., Benton Harbor, Mich.	11,656,000	11,568,000	0.76
47	TranSouth Financial Corp., Florence, S.C. (g)	11,210,000	11,443,000	- 2.04
48	Blazer Financial Services, Inc. Miami	10,926,380	32,761,000	-66.65
49	Carter Hawley Hale Credit Corp., Los Angeles	10,698,000	N.A.	.....
50	Bank of New England Comm'l Finance Cp, Boston (g)	10,188,000	.....	...

Net income is income after taxes but before extraordinary items. This listing includes leasing companies.
(g) — A subsidiary of a domestic commercial or saving bank organization. **(l)** — A leasing company. **(m)** — Owned by a foreign banking organization. **(u)** — Data are for Household Finance, the financial services business of Household International, Inc.

Top 50 Finance Companies In Assets for 1985

(Dollar Figures in Thousands)

Rank 12/85		Assets 12/31/85	12/31/84	% Gain
1	General Motors Acceptance Corp., Detroit	75,448,200	54,425,400	38.63
2	Ford Motor Credit Co., Dearborn, Mich.	31,313,100	24,034,600	30.28
3	General Electric Credit Corp., Stamford, Conn.	22,468,739	18,466,773	21.67
4	Chrysler Financial Corp., Troy, Mich.	15,893,400	7,148,617	122.33
5	Sears Roebuck Acceptance Corp., Wilmington, Del.	9,942,627	9,781,640	1.65
6	Household Financial Services, Prospect Heights, Ill.	9,084,400	6,572,700	38.21
7	Beneficial Corp., Wilmington, Del.	8,718,200	7,720,900	12.92
8	C.I.T. Financial Corp., Livingston, N.J. (g)	7,967,317	7,153,141	11.38
9	Associates Corp. of No. America, Dallas	7,723,529	6,638,427	16.35
10	American Express Credit Corp., Wilmington, Del.	6,708,000	5,727,000	17.13
11	ITT Financial Corp., St. Louis, Mo.	6,335,920	5,346,631	18.50
12	Commercial Credit Co., Baltimore	6,322,100	7,373,019	-14.25
13	Avco Financial Services, Inc., Newport Beach, Calif.	6,013,050	5,693,990	5.60
14	Westinghouse Credit Corp., Pittsburgh	5,054,996	3,765,579	34.24
15	Borg-Warner Acceptance Corp., Chicago	4,298,900	3,793,800	13.31
16	Security Pacific Finance Corp., San Diego, Calif. (g)	3,996,300	3,267,800	22.29
17	Barclays American Corp., Charlotte, N.C.	3,390,702	3,024,328	12.11
18	Heller Financial, Inc., Chicago	3,309,939	3,055,941	8.31
19	John Deere Credit Co., Reno, Nev.	2,955,395	2,833,041	4.32
20	Montgomery Ward Credit Corp., Wilmington, Del.	2,597,000	3,942,000	-34.12
21	Credithrift Financial Corp., Evansville, Ind.	2,478,413	1,921,489	28.98
22	Norwest Financial Serv., Inc., Des Moines, Iowa (g)	2,469,175	2,103,022	17.41
23	Transamerica Financial Corp., Los Angeles	2,238,425	1,958,258	14.31
24	Xerox Credit Corp., Greenwich, Conn.	2,096,900	1,840,000	13.96
25	Navistar Financial Corp., Schaumburg, Ill.	2,077,064	3,374,975	-38.46
26	J.C. Penney Financial Corp., New York	1,990,000	2,315,743	-14.07
27	Greyhound Leasing & Fin'l Corp., Phoenix, Ariz.	1,635,845	1,554,355	5.24
28	Chase Manhattan Lsg. Co., Englewood Cliffs, N.J. (g)	1,622,427		.....
29	J.I. Case Credit Corp., Racine, Wis.	1,570,168	1,553,241	1.09
30	McDonnell Douglas Fin. Corp., Long Beach, Calif.	1,474,456	1,293,366	14.00
31	Manuf Hanover Fin'l Serv Inc, Huntingdon Valley, Pa.(g)	1,470,397	1,420,977	3.48
32	UT Credit Corp., Hartford, Conn.	1,262,894		.....
33	Macy Credit Corp., New York	1,184,224		.....
34	Clark Equipment Credit Corp., Buchanan, Mich.	1,177,455	1,211,847	- 2.84
35	PSFS Credit Corp., Norwalk, Conn.	1,156,599	761,642	51.86
36	Mobil Oil Credit Corp., Kansas City, Mo.	1,129,056	1,160,318	- 2.69
37	Philip Morris Credit Corp., New York	1,068,148	.....	.....
38	Commercial Alliance Corp., New York (g)	986,197	590,814	66.92
39	Equitable Life Leasing Corp., San Diego, Calif.	977,693	724,215	35.00
40	Leucadia National Corp., New York	957,000	742,000	28.98
41	Chemical Financial Services Corp., Cleveland (g)	937,267	568,896	64.75
42	ITT Credit Corp., Uniondale, N.Y.	927,226	766,776	20.93
43	Fleet Financial Corp., Providence, R.I. (g)	896,151	736,735	21.64
44	Deutz-Allis Credit Corp., West Allis, Wis.	844,266	1,313,300	-35.71
45	Bank of New England Comm. Fin. Corp., Boston	836,790	.....	.....
46	Paccar Financial Corp., Bellevue, Wash.	796,085	796,085	.....
47	Ingersoll-Rand Financial Corp., Woodcliff Lake, N.J.	757,262	662,796	14.25
48	Maryland National Affiliates Corp., Baltimore (g)	745,032	655,982	13.58
49	Mack Financial Corp., Allentown, Pa.	686,822	737,494	- 6.87
50	Blazer Financial Services Inc., Miami	650,577	.....	.....

Bank-Related Finance Companies

With Capital Greater than $5 Million

(Dollar Figures in Thousands)

Rank 12/85		Total Capital Funds 12/31/85	12/31/84	Rank 12/84	Gain in Rank	Parent
	Domestic Commercial and Savings Bank-Related Companies					
6	C.I.T. Financial Corp., Livingston, N.J.	1,591,895	1,485,220	5		Manufacturers Hanover Corp., New York
15	Manuf Hanover Fin'l Serv, Inc, Huntingdon Valley, Pa.	850,585	359,808	27	+12	Manufacturers Hanover Corp., New York
25	Security Pacific Finance Corp., San Diego, Calif.	530,900	387,800	26	+ 1	Security Pacific Corp., Los Angeles
26	Chase Manhattan Leasing Co., Englewood Cliffs, N.J.	461,661	N.A.	...		Chase Manhattan Corp., New York
27	Norwest Financial Services, Inc., Des Moines, Iowa	427,727	450,141	24		Norwest Corp., Minneapolis
34	Commercial Alliance Corp., New York	261,997	148,768	41	+ 7	First Interstate Bancorp, Los Angeles
41	Fleet Financial Corp., Providence, R.I.	197,534	168,025	39		Fleet Financial Group, Providence, R.I.
51	PSFS Credit Corp., Norwalk, Conn.	107,435	80,296	56		Philadelphia Saving Fund Society
52	Glenfed Financial Corp., Dallas (b,c)	106,519	124,367	46		Glendale Federal Savings & Loan Assn., Calif.
59	Congress Financial Corp., New York	86,776	83,177	55		CoreStates Financial Corp., Philadelphia
61	Fidelity Acceptance Corp., Minneapolis (b)	79,255	51,595	66	+ 4	Society for Savings, Hartford, Conn.
63	Maryland National Affiliates Corp., Baltimore	74,605	44,733	74	+10	Maryland National Corp., Baltimore
69	Mellon Financial Services Corp., Oak Brook, Ill.	58,065	55,514	63		Mellon Bank Corp., Pittsburgh
72	Heights Finance Corp., Peoria, Ill.(b,g)	57,434	43,355	76		United Savings of America, Chicago
73	Chemical Financial Services Corp., Cleveland	56,808	35,158	81	+ 7	Chemical New York Corp.
75	First Manufactured Housing Cred Cp., Glen Burnie, Md.	49,549	2,049	124	+48	First Maryland Bancorp , Baltimore
77	Bank of New England Commercial Finance Corp., Boston	46,023	.....	...		Bank of New England Corp., Boston
82	Capitol Finance Group, Inc., Charlotte, N.C.	40,910	21,511	92	+ 9	First Railroad & Banking Co., Augusta
83	U.S. Bancorp Financial, Inc., Portland, Ore.	38,982	47,843	70		U.S. Bancorp, Portland, Ore.
84	First Family Financial Services, Atlanta	38,557	55,130	64		Georgia Federal Bank FSB, Atlanta
88	Signal Financial Corp., Pittsburgh	33,818	33,727	83		CoreStates Financial Corp., Philadelphia
90	TranSouth Financial Corp., Florence, S.C.	33,582	48,675	69		First Nationwide Savings, San Francisco
93	Provident Financial Corp., Columbia, S.C.	30,223	28,808	85		South Carolina National Corp., Columbia
99	First Union Commercial Corp., Charlotte, N.C.	23,997	20,271	97		First Union Corp., Charlotte, N.C.
100	Landmark Fin'l Services, Inc., Silver Spring, Md.	23,794	19,903	98		Union Trust Bancorp., Baltimore
103	First Illinois Finance Co., Evanston	20,929	.....	...		First Illinois Corp., Evanston
107	First Wisconsin Financial Corp., Milwaukee	19,347	22,485	90		First Wisconsin Corp., Milwaukee
110	First Hawaiian Creditcorp, Inc., Honolulu	16,734	16,707	102		First Hawaiian, Inc., Honolulu
112	National City Credit Corp., Cleveland	15,478	12,167	108		National City Corp., Cleveland
114	American Fletcher Financial Services, Inc., Marion, Ind.	14,416	11,612	109		American Fletcher Corp., Indianapolis
115	CBT Financial Corp., Hartford, Conn.	11,187	16,242	105		Bank of New England Corp., Boston
116	Sovran Credit Corp., Elizabeth City, N.C.	9,035	7,457	113		Sovran Financial Corp, Richmond
120	NatWest Commercial Services, Inc., New York	7,503	7,248	115		NatWest Holdings Inc., New York
122	BVA Credit Corp., Richmond	7,362	6,570	118		Bank of Virginia Co., Richmond
127	AmSouth Financial Corp., Birmingham, Ala.	5,469	1,500	126		AmSouth Bancorporation, Birmingham, Ala.
	Foreign Bank-Related Companies					
18	Heller Financial, Inc., Chicago	742,992	699,765	18		Fuji Bank Ltd., Tokyo, Japan
19	Barclays American Corp., Charlotte, N.C.	731,925	682,036	19		Barclays Bank Plc, London, U.K.
104	Deutsche Credit Corp., Deerfield, Ill.(m)	20,560	45,183	42		Deutsche Bank, Frankfurt, Germany

(b) — Year ending on date other than Dec. 31. **(c)** — Current year's figures are for a date different from preceding year.

Descriptions and Definitions

By L. MICHAEL CACACE

The *American Banker's* 36th annual survey of the finance industry is presented in seven tables.

• The main listing consists of the 100 largest firms in order of their total capital funds as of Dec. 31, 1985. Total capital funds for 1984 are also shown, along with the 1984 capital funds rank and gain in rank. The other yearend 1985 data shown in this table are capital and surplus; net receivables; total assets; net income; deferred income; gross receivables acquired; and bank credit lines available plus those in use. This year, for the first time, finance companies primarily engaged in leasing activities are included in the main listing. Eight leasing firms rank among the top 100.

• For the first time, *American Banker* lists the top 50 finance companies in total assets. The companies are listed in order of their yearend 1985 assets. Also shown is the Dec. 31, 1984, total asset figure and the percentage change in assets from 1984 to 1985.

• For the third consecutive year, *American Banker* lists the top 50 finance companies in net income. The companies are listed in order of their 1985 net income. Also shown is the 1984 net income and the percentage change in net income from 1984 to 1985.

• Another table lists the captive finance companies in the survey in order of total capital funds. **Captive companies** are those whose main function consists of financing sales of their parent firm's product or services. This year there are 36 such companies in the listing.

• A separate table lists the top 100 independent or affiliated finance companies in the survey in order of their capital funds. **Independent companies** are not owned by other companies. **Affiliated companies** are subsidiaries of other companies but are not captives.

• There is a listing of domestic commercial and savings bank-related finance companies and of foreign bank-related finance companies with capital funds of $5 million or more. Included in this table is the name of the parent banking company. By definition, bank-related companies are affiliated companies and appear on the listing of independent and affiliated companies.

• Another table breaks down the net receivables outstanding at a finance company. This year, the "types of business" categories have been increased from four to five. For the first time, *American Banker* identifies the 10 largest finance companies in personal loans secured by second mortgages. This new category is a component of the much broader category called "consumer-retail and real estate." In addition to the two consumer categories, the other three categories are: commercial-industrial; industrial and equipment leasing; and factoring. The 10 largest companies in each category are given. In this case of leasing companies there are two lists: the 10 largest nonbank-related companies and the 10 largest bank-related companies. The latter listing was constructed from data supplied to *American Banker* by Manufacturers Hanover Leasing Corp.

Receivables are reported net of loan losses and earned income, wherever possible. Some companies, however, are unable to apportion loan losses and unearned income among the various categories, and these companies report gross receivables.

For factoring companies, gross receivables — which measure the volume of business — are used. To make the top 10 listing complete, *American Banker* uses factoring data gathered by the *Daily News Record* for those companies for which *American Banker* has no data. The *Daily News Record* is a textile trade newspaper located in New York City.

Definitions

The definitions used by *American Banker* for the listings described above are listed below.

Total capital funds is the sum of stockholders' equity and noncurrent subordinated debt. Stockholders' equity is the sum of capital plus surplus. Noncurrent subordinated debt is subordinated debt with a remaining maturity of more than one year.

Receivables include direct loans and paper purchased from manufacturers, wholesalers, and retailers. **Gross receivables** include unearned income and reserves for loan losses, while **net receivables** exclude unearned income and loan-loss reserves.

Net income is income for the entire year after taxes but before extraordinary items.

Deferred income is another term for **unearned discounts.** It is the sum of prepaid interest on loans outstanding.

Bank credit lines are the sum of bank credit available plus in use. For bank-related finance companies, the bank credit line is often reported to *American Banker* as zero or not applicable, since these companies are usually funded by their parent. We report zero in this category for all bank-related companies reporting "not applicable".

Consumer-retail and real estate receivables are those obtained through the financing of the consumer through direct cash loans or through the purchase of installment sales paper from dealers and retailers. Included are **personal loans secured by second mortgages** (real estate loans) and open end (revolving) credit.

Commercial-industrial receivables are those obtained through the financing of small and medium-size businesses, including agribusinesses, through secured short-term loans. In most cases, a firm offers its accounts receivables as security, and the lending arrangement is called "accounts-receivable financing." Inventories or plant equipment also may be used as collateral.

In addition to the short-term accounts-receivable financing, businesses also receive funds on longer-term installment receivables by selling them to finance companies. These are industrial-sales finance transactions.

Industrial/equipment leasing is a type of asset-based lending where the lender owns the physical asset to be financed. Generally, longer term fixed assets are financed by finance companies via leasing.

Factoring is a type of asset-based lending where the lender buys the borrower's receivables and extends funds before their collection. The factor usually collects the receivables on a nonrecourse basis.

Finance Company Receivables

As of Dec. 31, 1985 or Nearest Fiscal Year-End

(Dollar Figures in Thousands)

Rank 12/85		Receivables 12/31/85
	Consumer — Retail and Real Estate	
1	General Motors Acceptance Corp., Detroit (a)	56,285,800
2	Ford Motor Credit Co., Dearborn, Mich. (b)	27,167,800
3	Sears Roebuck Acceptance Corp., Wilmington, Del.	9,936,189
4	Chrysler Financial Corp., Troy, Mich.	9,647,800
5	American Express Credit Corp., Wilmington, Del.	6,708,000
6	General Electric Credit Corp., Stamford, Conn.	5,703,853
7	Household Financial Services, Prospect Heights, Ill.	5,665,200
8	Beneficial Corp., Wilmington, Del.	5,630,500
9	Associates Corp. of No. America, Dallas	3,418,673
10	Montgomery Ward Credit Corp., Wilmington, Del.	2,448,000
	Personal Loans Secured by Second Mortgages (c)	
1	Beneficial Corp., Wilmington, Del.	3,089,100
2	Household Financial Services, Prospect Heights, Ill.	1,743,400
3	Transamerica Financial Corp., Los Angeles	1,470,312
4	Associates Corp. of No. America, Dallas	1,432,913
5	Commercial Credit Co., Baltimore	973,600
6	Avco Financial Services, Inc., Irvine, Calif.	941,259
7	Chrysler Financial Corp., Troy, Mich.	929,900
8	Credithrift Financial Corp., Evansville, Ind.	868,176
9	ITT Financial Corp., St. Louis	789,983
10	Fleet Financial Corp., Providence, R.I. (g)	523,804
	Commercial — Industrial (d)	
1	General Motors Acceptance Corp., Detroit (e)	18,278,000
2	Ford Motor Credit Co., Dearborn, Mich. (f)	5,604,300
3	Chrysler Financial Corp., Troy, Mich.	5,216,000
4	Westinghouse Credit Corp., Pittsburgh	4,015,429
5	Associates Corp. of No. America, Dallas	3,224,012
6	Borg-Warner Acceptance Corp., Chicago	2,860,400
7	Heller Financial, Inc., Chicago (m)	2,747,156
8	ITT Financial Corp., St. Louis, Mo.	2,738,783
9	General Electric Credit Corp., Stamford, Conn.	1,862,363
10	Chase Manhattan Leasing Co., Englewood Cliffs, N.J. (g)	1,617,000
	Industrial and Equipment Leasing — Nonbank (h)	
1	General Electric Credit Corp., Stamford, Conn.	10,905,321
2	McDonnell Douglas Finance Corp., Long Beach, Calif.	1,170,091
3	Equitable Life Leasing Corp., San Diego, Calif.	943,324
4	Commercial Credit Co., Baltimore	938,500
5	Borg-Warner Acceptance Corp., Chicago	875,500
6	Bankers Leasing & Financial Corp., San Mateo, Calif.	623,556
7	Westinghouse Credit Corp., Pittsburgh	573,740
8	Xerox Credit Corp., Greenwich, Conn.	527,900
9	UT Credit Corp., Hartford, Conn.	493,346
10	John Deere Credit Co., Reno, Nev.	442,834
	Industrial and Equipment Leasing — Bank-Related (i)	
1	Manufacturers Hanover Corp., New York	4,208,298
2	Citicorp, New York	2,809,000
3	Security Pacific Corp., Los Angeles	2,331,000
4	Chase Manhattan Corp., New York	1,526,971
5	BankAmerica Corp., San Francisco	1,501,000
6	First interstate Bancorp., Los Angeles	1,174,701
7	Wells Fargo & Co., San Francisco	1,114,695
8	Chemical New York Corp.	1,020,801
9	Bank of Boston Corp.	699,449
10	Bank of New England Corp., Boston	599,714
	Factoring Volume (j)	
1	C.I.T. Financial Corp., Livingston, N.J. (g)	7,600,000
2	Heller Financial, Inc., Chicago (m)	3,374,266
3	Barclays American Corp., Charlotte, N.C.	2,581,465
4	BancBoston Financial Co., Boston (g,k)	2,568,000
5	Irving Commercial Corp., New York (g,k)	1,800,000
6	Republic Factors (g,k)	1,750,000
7	Citizens & Southern Commercial Corp., Atlanta (g,k)	1,749,000
8	Commercial Credit Co., Baltimore	1,713,000
9	Chemical Business Credit Corp., New York (g,k)	1,600,000
10	BT Factors, New York (g,k,l)	1,600,000

A breakdown of net receivables into four operational types: consumer-retail and real estate; personal loans secured by second mortgages, which is a component of the "consumer-retail and real estate" category;commercial-industrial; and industrial and equipment leasing. Industrial and equipment leasing are broken down into two groups — nonbank and bank-related. Factoring receivables or "volume" are reported gross. For some companies it is not possible to net out unearned discount and loan loss reserves by type. For these companies, therefore, the sum of the net receivables shown above may exceed total net receivables reported in the "Top 100 Finance Companies" listing. Complete definitions of these four operational categories appear in a story accompanying the tables.

(a)—Retail/lease financing and leasing. **(b)**—Total retail receivables, gross. **(c)** — A new category, personal loans secured by second mortgages is a component of the "Consumer-Retail and Real Estate" category. **(d)**—Commercial and industrial receivables for C.I.T. Financial Corp. were not avialable. C.I.T. ranked third among finance companies in 1984 with C&I receivables of $3.3 billion. **(e)**—Wholesale/term loans. **(f)**—Total wholesale receivables, gross. **(g)** —A subsidiary of a domestic banking organization. **(h)**—Based on response to American Banker questionnaire. This listing is incomplete, because of poor response from leasing companies. **(i)**—Source of net lease financing receivables data for bank-related lessors was Manufacturers Hanover Leasing Corpation, New York, a subsidiary of Manufacturers Hanover Corp. The data are "as reported in quarterly statements or as reported by the respective banks directly to Manufacturers Hanover Leasing Corpation." The data are for the equipment leasing subsidiary and other subsidiaries of the corporation offering similar financial products. **(j)** — Factoring data were taken from responses to American Banker questionnaire, whenever possible. However, to make the list complete, factoring data from the Daily News Record, New York, were also used. A special footnote "j" appears after the name of the company for which Daily News Record data were used. The Daily News Record is a textile trade newspaper. **(k)** — Factoring data were taken from the Daily News Record listing of top factors published on page 22 of the edition of Feb. 4, 1986. **(l)** — A division of Bankers Trust Co., New York. **(m)** — Owned by a foreign commercial banking organization.

Beneficial Leads Finance Companies in Second Mortgage Loans

→ Continued from Page 1

of which are second mortgage loans — totaled $30.4 billion on Dec. 31, up 15.6% from $26.3 billion a year earlier. And over the first quarter of this year, these loans are continuing to grow at an annual rate of almost 15%, totaling $31.5 billion on March 31.

The *American Banker* survey found that the top 10 finance companies in second mortgage loans accounted for more than 40% of the industry total at yearend 1985. The top 10 firms had $12.8 billion in these loans, or 42% of the industry total.

Transamerica Financial Corp., Los Angeles, with $1.5 billion in second mortgage loans, ranks third behind Beneficial, Wilmington, Del., and Household Financial, Prospect Heights, Ill. Following Transamerica is Associates Corporation of North America, Dallas, with $1.4 billion, and Commercial Credit Co., Baltimore, with $973.6 million.

Second mortgage loans have grown substantially over the past several years. They are popular with consumers because of the large sums that can be borrowed and because interest rates are lower than those on unsecured loans.

From the finance company's point of view, second mortgage loans are preferable to unsecured loans because the former have lower rates of delinquency and lower up-front costs than unsecured loans.

According to data from the American Financial Services Association, Washington, D.C., unsecured loans as a percentage of total finance company receivables have declined from 20% in 1977 to 5% in 1985. Over the 1977-1985 period, second mortgage loans have more than doubled, going from less than 4% of total receivables in '77 to approximately 9% of total finance company receivables in '85. The peak year for second mortgage loans was 1982, when they accounted for 12% of receivables. The relative decline in second mortgage receivables as a percentage of total receivables has been the surge in auto financing by finance companies over the past three years.

Other Survey Findings

• For the second year in a row, Heller Financial Inc., Chicago, the 18th largest finance company in capital funds, sustained the highest losses in the industry. It lost $32.1 million last year, after losing $181.9 million in 1984. Heller, which was acquired by Fuji Bank Ltd., Tokyo, in January 1984 for $425 million, has had substantial problems with its commercial loan portfolio. According to *The Wall Street Journal*, Fuji, the world's second largest bank, has infused an additional $725 million in capital and loans over the past two years to keep the company afloat. This additional investment by Fuji raises its total investment in Heller to $1.15 billion.

• In addition to Heller, four other firms that ranked among the top 100 lost money last year. The nation's 13th largest finance company, Commercial Credit Co., Baltimore, lost $4.8 million in 1985, compared with net income of $49.6 million in 1984. The company is a subsidiary of Control Data Corp., Minneapolis.

In April, Irving Trust Co. agreed to purchase the assets of Commercial Credit Co.'s factoring subsidiary, Commercial Credit Financial Services Inc. Irving Commercial Corp., Irving Trust's factoring subsidiary, will assume the assets. Last year, Irving Commercial Corp. ranked sixth in factoring, with $1.8 billion in gross receivables, and Commercial Credit Co. ranked eighth with $1.71 billion. If the acquisition had been made at yearend 1985, Irving Commercial would have ranked ahead of Heller Financial as the nation's second largest factoring company.

Greyhound Leasing & Financial Corp. lost $3 million last year. In 1984, the company earned $13.3 million. The Foothill Group Inc., Los Angeles, lost $5.8 million in 1985, after earning $3.2 million in 1984. And Budd Financial Corp., Troy, Mich., a subsidiary of the Budd Co., lost $4.9 million over the fiscal year ending Sept. 30, 1985. The company did not participate in last year's survey. Therefore the 1984 income data are not available.

• For the first time, finance companies that were primarily engaged in leasing were included in the listing of the top 100 firms. Eight leasing companies rank among the top 100. The largest is the 26th-ranked Chase Manhattan Leasing Co., Englewood Cliffs, N.J., with $462 million in capital funds. The company is a subsidiary of Chase Manhattan Corp.

The other six companies are: 37th-ranked Greyhound Leasing & Financial Corp., Phoenix, Ariz., a subsidiary of the Greyhound Corp.; 40th-ranked McDonnell Douglas Finance Corp., Long Beach, Calif., a subsidiary of McDonnell Douglas Corp.; 42d-ranked Philip Morris Credit Corp., New York, a subsidiary of Philip Morris Companies Inc.; 49th-ranked Equitable Life Leasing Corp., a subsidiary of Equitable Life Assurance Society of the United States, New York; 53d-ranked Bankers Leasing & Financial Corp., San Mateo, Calif., an independently owned company; 85th-ranked New England Merchants Leasing Corp., Boston, a subsidiary of the Bank of New England Corp.; and 98th-ranked John Hancock Leasing Corp., Boston, a subsidiary of John Hancock Subsidiaries Inc.

• According to data from the American Financial Services Association, 1985 marked the third consecutive

Finance Companies: Page 31 →

Automakers Carve Out Bigger Pieces of Financial Services Pie

By L. MICHAEL CACACE

NEW YORK — The nation's Big Three automakers — General Motors Corp., Ford Motor Co., and Chrysler Corp. — substantially increased their presence in the financial services industry last year, according to an *American Banker* survey of finance companies.

Chrysler Financial Corp., the Troy, Mich.-based financing arm of the car company, made two major acquisitions last year. On Aug. 1, the company acquired E.F. Hutton Credit Corp., Greenwich, Conn., and on Nov. 22, it acquired FinanceAmerica Corp., Allentown, Pa., from BankAmerica Corp. E.F. Hutton Credit was the nation's 47th largest finance company in 1984 with capital funds of $118 million. FinanceAmerica ranked 25th in capital funds with $400 million on Dec. 31, 1984.

E.F. Hutton Credit is now known as Chrysler Capital Corp., and FinanceAmerica is now called Chrysler First Inc. Both finance companies are subsidiaries of Chrysler Financial Corp., and are included in the consolidated data reported by Chrysler Financial.

These two acquisitions helped boost Chrysler Financial three places in rank to third position in capital funds with $2.79 billion on Dec. 31, 1985, up 98.7% from $1.4 billion a year earlier. Chrysler Financial was also helped by an infusion in capital from its parent Chrysler Corp. According to Chrysler Financial's annual report, the parent added $622.3 million to the company's paid-in capital in 1985.

The acquisitons also helped Chrysler Financial's assets to grow by more than 123% last year. Chrysler Financial now ranks fourth in assets with $15.9 billion at yearend 1985, compared with $7.15 billion a year earlier, when it ranked eighth in assets.

General Motors' finance arm — General Motors Acceptance Corp., or GMAC — expanded its financial services power by entering the mortgage servicing field. In April and May of 1985, GMAC acquired Colonial Mortgage Co., Philadelphia, and Norwest Mortgage Inc., Minneapolis, and also formed a new company called GMAC Mortgage Co., Philadelphia. By yearend 1985, GMAC Mortgage Co. ranked No. 1 in servicing with a portfolio of $20.4 billion.

GMAC is the nation's largest finance company in total capital funds, assets, and net income. Last year, GMAC had $6.56 billion in capital funds, up 10.4% from $5.94 billion a year earlier. GMAC's assets totaled $75.4 billion, up 38.6% from $54.4 billion a year earlier; and net income rose 30.1% to $1.02 billion, compared with $785 million in 1984.

Top Lender to Consumers

In addition, GMAC is the top finance company lender to consumers. It had $56.3 billion in retail and lease financing receivables at yearend 1985. GMAC also ranks No. 1 in commercial lending with $18.3 billion in wholesale loans. If GMAC were a bank it would rank fifth in commercial loans ahead of Chemical Bank, New York, which had $16 billion in business loans outstanding on Dec. 31.

According to GMAC's annual report, the company's continued "implementation of an aggressive market-oriented approach to conducting business" produced "historic operating results."

Robert F. Murphy, chairman of GMAC, states in the annual report that "the expansion of GMAC's financial services and increased commitment of resources to the marketing process will change the future of the company."

Ford Motor Co. expanded its presence in the financial services field by acquiring the nation's ninth largest thrift institution, First Nationwide Savings, San Francisco, in 1985. Ford believes that synergies exist between the auto and thrift industries. In an interview with *American Banker* last December, James W. Ford, chairman of Ford Motor Credit, said: "We saw an affinity between auto financing and the finance of housing. It was a natural extension because of the larger balances. You qualify people on almost the same basis. We think consumer finance in general is something we can do."

Ford Motor Credit is the nation's second largest finance company in total capital funds, total assets, net income, consumer receivables, and commercial receivables. Its capital funds totaled $3.3 billion on Dec. 31, 1985, up 13.1% from a year earlier. Its assets jumped up 30.3% to $31.3 billion, and net income was up 41.9% to $440.5 million in 1985. Ford Motor Credit's gross retail receivables totaled $27.2 billion on Dec. 31, and its gross wholesale receivables totaled $5.6 billion.

The automakers were not the only firms active in 1985, a year of numerous and significant mergers, acquisitions, name changes, and consolidations. Several important mergers also have taken place in the first half of 1986.

Listed below are the results reported by more than 150 surveyed companies about major acquisition activity and other changes. The results are listed chronologically.

Glenfed Financial Corp., Dallas, which ranked 52d in capital funds with $106.5 million, was formed on Jan. 1, 1985. The company is a result of the acquisition by Glendale Federal Savings and Loan Association, Calif., of Armco Financial Corp. from Armco Inc., Middletown, Ohio. Armco Financial ranked as the 46th largest finance company in 1984 with $124 million in capital funds.

In February 1985, Avco Corp., the parent of 10th-ranked Avco Financial Services Inc., Irvine, Calif., was acquired by Textron Inc.

First Nationwide Savings, San Francisco, prior to its acquisition by Ford Motor Co., acquired TranSouth Financial Corp., Florence, S.C, on May 5, 1985. The consumer finance company had been owned by NCNB Corp., Charlotte, N.C. TranSouth ranked 90th in capital funds with $33.6 million on Dec. 31.

In September, Pacificorp, Portland, Ore., a diversified holding company, acquired Norwest Acceptance Corp. from Orbanco Financial Services Corp., Portland, a commercial bank holding company.

During 1985, Gulf Oil Financial Corp., Houston, which ranked 32d in capital funds with $276.8 million on Dec. 31, 1984, was dissolved by its

Automakers: Page 24 →

Dear Reader, How Are We Doing?

The American Banker wants very much to make sure its coverage of the financial services industry meets your information needs. So would you spend a moment to give us some feedback on the survey of the **Top 100 Financial Companies in the U.S.** that appears in today's edition? Over the past year we have incorporated many of your suggestions to provide more meaningful information. Please return this questionnaire to L. Michael Cacace, Statistical Chief, American Banker, One State Street Plaza, New York, N.Y. 10004. Telephone 212-943-4836.

1. How would you **change** the tabulation to make it more useful? What would you add?

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2. What do you like **best** about this tabulation?

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3. What do you like **least** about this tabulation?

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4. **How** do you use this information in your work?

_____

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5. What **new** statistical survey would you like to see?

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Name (optional)_____

Title_____

Company_____

Address_____

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Phone_____

Freddie . . .

➳ Continued from Page 1

curities, which then are sold to investors.

The nation's largest thrifts now have the capability to securitize their own mortgages, and many of them view Freddie Mac as competition. Freddie Mac has some $110 billion in outstanding participation certificates, the agency's primary security.

However, any move to "privatize" Freddie Mac is expected to draw strong opposition from smaller thrifts, which rely heavily on the agency.

Other elements of the housing industry also may oppose such a move.

William North, executive vice president of the National Association of Realtors, warned that cutting Freddie Mac's ties to the government could mean that less credit would be available to home buyers because fewer investors would be attracted to the market.

"You create an additional element of risk that doesn't exist [now] when you withdraw a government guarantee," Mr. North said.

Freddie Mac now exists in a gray area between a government agency and a private corporation. Its stock is owned by thrifts and by the Federal Home Loan Banks. However, the members of its board of directors are government officials, and Freddie Mac enjoys many of the benefits of government affiliation.

A key advantage over other players, said Mr. Mann, is Freddie Mac's ability to obtain more attractive financing because of an "implicit" government guarantee that it will not be allowed to fail.

"With that imprimatur, you can always borrow more cheaply," Mr. Mann said in an interview this week. Freddie Mac also has a backup line of credit with the Treasury Department.

Preston Martin, the former vice chairman of the Federal Reserve Board and the first chairman of Freddie Mac, told the advisory committee this week that he supports privatizing the agency by loosening its ties with the government and broadening the ownership of its stock. Mr. Martin said in an interview that such a move would "encourage private conduits to come into the market" to compete with Freddie Mac.

Mr. Martin said there is less of a need for Freddie Mac today because "there is a market acceptance" of mortgage-backed securities that did not exist when Freddie Mac was launched in 1970.

"Many people in the market are concerned that Freddie Mac and Fannie Mae [the Federal National Mortgage Association] are expanding so rapidly with government advantages and crowding others out of the market," said Norman Raiden, former general counsel of the Federal Home Loan Bank Board and a member of Freddie Mac's advisory committee.

"Freddie Mac is rapidly becoming a primary, not a secondary market," Mr. Raiden said. "As it takes more and more shares of mortgages, there is less and less room for portfolio lenders."

Mr. Mann added that the growth of Freddie Mac has created "an excessive amount of credit" in the home loan industry. ■

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Finance Companies

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strong year for growth in consumer finance. The growth in 1985 was sparked by lower interest rates.

• The association also found that between 1977-1985, the major growth in consumer finance has been in the auto finance sector. Auto credit represents 44% of members' gross receivables, up from under 30% in 1977, according to Dr. Thomas A. Durkin, the association's chief economist and director of research.

Federal Reserve data support the association's findings. The Fed data show finance companies increasing their share of the auto financing market to 34.9% in 1985 from 31.6% in 1984. ■

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Homestead . . .

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early 1980s, when high interest shot down many high-flying thrifts.

In 1985, Homestead earned $15.1 million, up 6.78% from 1984 profits of $14.14 million. Earnings per share increased 7.2%, from $3.05 to $3.27. Nevertheless, 1985 earnings were below the 1983 record of $15.7 million, or $3.71 a share.

For the first quarter of 1986, earnings were $5.3 million, or 90 cents a share adjusted for a 5-to-4 stock split. That was a 410% jump from the same period in 1985, when earnings were $1.2 million, or 22 cents a share. Homestead's rapid expansion and earnings growth depended largely on brokered deposits, which have been blamed for the demise of many savings and loans.

But Mr. Weissberg believes in brokered deposits. He said that it is a more profitable way of raising money than relying on branches to attract new money in a competitive market. With staggered deposits there is no danger assets will evaporate overnight, said Mr. Weissberg.

"I can understand the controversy" about brokered deposits, he continued. "It broke a lot of savings and loans that were not experienced in handling funds or were not that experienced in real estate. But I have 41 years of experience in real estate.

"The blame is not on the broker's money. It's a question of what you do with the money. Brokered deposits are like any other loan. If you take the money and go out and buy restaurants, office buildings, race tracks, and shopping centers, you are going to lose it. You have to know what you are doing."

Accounts of $2.4 Billion

At the end of last year, Homestead had customer accounts of $2.4 billion, an increase of $1.6 billion, or 209%, over 1983, the year that the company began accepting brokered deposits. Brokered deposits declined by $33.4 million last year. In 1986, Homestead expects to replace $236 million in maturing deposits with medium-term brokered funds.

Homestead also reported a surge in growth with its real estate development subsidiary, Homestead Land Development Corp., which builds single-family homes and apartment buildings.

Mr. Weissberg said that he prefers to build his own homes, because he likes to have control over real estate development projects in which he invests. So his company buys raw land, builds the structures with its own crews, and sells them.

Homestead Savings finances the construction of single-family homes and makes loans to the buyers. Originating the loans generates fee income. The loans are then sold in the secondary market, adding to Homestead's loan servicing portfolio.

Last year, Homestead built 415 houses, nearly double the number it constructed in 1984. The company closed 273 houses last year, up from 155 in 1984, and ended 1985 with a sales backlog of 125 houses for which buyers were waiting to close escrow. It sold 275 homes in the first quarter of this year and has a backlog of 300 waiting to close escrow.

"We sell them as fast as we can build them," said Mr. Weissberg. "We offer a real fine home at a reasonable price. It is an excellent business. We will continue to buy land and build homes. It is our business as much as if we were a development company." ■

Ex-Officer of Dallas Bank Gets Probation for Fraud

DALLAS (AP) — A former assistant vice president of the Dallas Bank & Trust Co. has been sentenced to five years of probation after pleading guilty to a fraud charge.

In a pre-sentence report to U.S. District Judge A. Joe Fish, Chris Elson Jr., 35, of Arlington, Tex., admitted that a loan he improperly authorized resulted in a bank loss of $50,000.

Eight other people have been indicted as the result of a three-year Federal Bureau of Investigation probe of more than $20 million in losses by the bank during the early 1980s, federal officials said.

Five other defendants have pleaded guilty to misapplication of bank funds and kickback charges during the past two years. ■

Got a Story to Tell?

We at the *American Banker* are working on a very special project this year. To celebrate the beginnings of this newspaper, we are putting together our 150th anniversary edition to be mailed to our readers in December.

American Banker's 150th Anniversary 1836 1986

You can help. Do you know any elderly bankers or former bankers who might have anecdotes to tell our writers about how this industry, and perhaps your own institution, developed? Does your company have its own museum, staff historian, or archivist? Does anyone at your firm have a story to tell about the *American Banker* itself? (One Oklahoma banker during the Depression is reported to have paid for his subscription with a 50-pound ham!)

If you or someone you know has information or ideas to contribute, please call or drop us a line. We would like to hear from you by June 23 so that we will have time to follow up on your suggestions. The more input we get from our readers, the more the resulting edition will mean to you and to us.

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VOL. CLI NO. 118 Tuesday, June 17, 1986 151st Year

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Random Thoughts

By SANFORD ROSE

Bill Seidman, head of the Federal Deposit Insurance Corp., says flatly that he won't change agency policy on disclosure of bank CAMEL ratings. (CAMEL, an acronym standing for capital adequacy, asset quality, management, earnings, and liquidity, is a bank rating system employed by examiners, with CAMEL 1 implying excellent health and CAMEL 5 signifying an in extremis situation.)

The FDIC began a few years ago disclosing these ratings to bank directors — a rather obvious imperative that is, however, still ignored by the other regulatory agencies. That's right! Hard as it is to believe, directors of, say, national banks still have no access to their own banks' ratings.

But Mr. Seidman won't go any further. He won't publish the FDIC ratings or even allow the banks to publish them on their own.

That seems bad policy. The Shadow Financial Regulatory Committee, a group of ex-regulators, lawyers, and economists organized to second-guess regulatory doings, agrees that it's bad policy and has

Random Thoughts: Page 4 ➤

Citicorp Faces Difficult Task in Attempt To Profit from In-Store Teller Machines

CitiExchange, a Subsidiary, Will Run Network Purchased from a Texas Partnership

By MICHAEL WEINSTEIN

NEW YORK — Citicorp says it plans to develop a network of in-store automated teller machines into a money-making operation, but it will be no easy task, according to industry experts.

Last week, the Federal Reserve Board approved Citicorp's application to acquire Northeast Exchange Ltd., a Texas limited partnership that operates about 40 ATMs in Pathmark supermarkets around New York.

Citicorp has set up a subsidiary, CitiExchange Inc., to run the network, which is now losing money.

The ATMs in the Northeast Exchange are available to some 30 financial institutions, mainly in New Jersey, and Citicorp hopes to bring in more institutions and make money by charging them transaction fees.

"There's no other reason to be in the business," said a banker at Citicorp. "There's no grand strategy other than that, in the end."

"History says that's a very difficult way to make a profit," said Richard N. Speer, president of Speer & Associates Inc., an Atlanta consulting firm.

The sole source of revenue — transaction fees paid by participating insti-

Citicorp Wins Takeover Bid for Quotron Page 10

tutions each time their customers use the machines — must cover the expenses of running the network.

"You have to have extremely high volumes," Mr. Speer observed. While some experts say off-premises ATMs — those located away from bank-owned property — must generate

Teller Machines: Page 22 ➤

Other Banks Seen Following NatWest's Lead

Fed Permits Offer of Advice, Brokerage Service in 1 Affiliate

By NINA EASTON

WASHINGTON — The Federal Reserve Board's approval of an application by National Westminster Bank, London, to offer both investment advice and securities brokerage services to institutional customers here is widely expected to prompt other bank holding companies to follow suit.

"We'll also see bank holding companies apply to take this into the retail side," predicted Michael Helfer, a Washington attorney who represents the Dealer Bank Association, a trade group of bankers heavily involved in the securities business.

NCNB Unit Offers Mutual Funds Page 10

The Fed vote was 5-to-0, with Chairman Paul A. Volcker abstaining and Governor Henry C. Wallich absent and not voting. A Fed spokesman said on Monday that Mr. Volcker abstained because his son is employed by NatWest.

The Fed's decision, issued late Friday, moves banks one step further toward offering full brokerage services. Previously, bank holding companies could offer these services in separate subsidiaries. Now, for the first time, the Fed has allowed investment advice and brokerage services to be offered in the same subsidiary by a bank company.

In approving the NatWest application, the Fed rejected legal arguments, forwarded by the securities industry, that the combination of these services violates the Glass-Steagall Act, which separates commercial banking from the

NatWest: Page 23 ➤

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American Banker, Bond Buyer Announce Executive Changes

NEW YORK — A series of executive appointments and promotions has been announced by Richard H. Tierney, president, American Banker Inc. and The Bond Buyer Inc. The changes are effective immediately.

Edmund C. Burke was promoted to executive vice president of the publishing group. He was previously senior vice president, marketing and advertising. In his new post, Mr. Burke is responsible for advertising and editorial functions of the *American Banker* and *The Bond Buyer,* as well as printing, circulation, and fulfillment. He also has responsibility for the Trans Data Corp. subsidiary.

Before joining the companies in 1980, Mr. Burke worked as corporate marketing director for Conde Nast Publications. Prior to that, he spent 21 years at Time Inc. in various capacities.

Also promoted was Robert S. November, to executive vice president, information products. Mr. November now has responsibility for the financial services, Munifacts, and customer services divisions. Prior to joining American Banker Inc. and The Bond Buyer Inc. last year, Mr. November worked for the ITT Communications and Information Services Group as director of business development, and for the New York Times Co. as vice president and group officer for news, education, and information Services.

Mr. Tierney announced that Con A. Rusling, currently vice president and chief financial officer of the International Thomson Organisation Inc., will join the companies as executive vice president on July 1. He will have responsibility for finance, administration, strategic planning, mergers and acquisitions, and human resources.

Mr. Rusling previously was chief financial officer and treasurer of Thomson Monteith, an oil and gas partnership of which International Thomson Organisation Ltd. is the major partner. International Thomson Organisation Ltd., Toronto, owns International Thomson Organisation Inc., New York, which in turn owns the American Banker Inc. and The Bond Buyer Inc.

Three new senior vice presidencies also were announced. William E. Zimmerman, editor, *American Banker;* John H. Allan, editor, *The Bond Buyer* and *Credit Markets;* and Carl A. Vella, vice president, financial services, all were promoted from vice president to senior vice president.

Also promoted were Fred J. Ballerino, to vice president and director of publications distribution; Joseph Champey, to vice president and director of printing services; Neil Fitzgerald, to vice president and director of production services; and Debra G. Heffernan to vice president and director of customer services for the Municipal Information Services group.

Steven J. Isaacs was promoted to controller and Michelle B. Sorensen to treasurer, Mr. Tierney said. ■

High Court Lets Stand Ruling Rejecting Teller Machine-as-Branch Argument

By DAVID GOUREVITCH

States News Service

WASHINGTON — The Supreme Court on Monday let stand a lower court ruling that allows national banks to use automated teller machines owned by other companies without violating state branching restrictions.

The Second Circuit Court of Appeals ruling permits the banks to use the machines to offer services to depositors in cities where the banks are barred from opening branches.

The justices' refusal to hear the case leaves the lower court ruling untouched.

Justice Byron R. White voted to review the case, but four votes are required for an appeal to be heard.

The appeals court ruling could lead to a "drastically increased concentration of ownership in the banking industry and the demise of community-based independent banks through erosion of their deposit-base," contended the Independent Bankers Association of New York.

In 1983, the association sued in federal district court to block Marine Midland Bank, Buffalo, N.Y., from using an automated teller machine owned by Wegmans Food Markets in Canandaigua, N.Y. Other banks, savings and loan associations, and credits unions also used the machine.

Marine Midland paid the Rochester-based grocery chain a fee each time a customer used the machine to make a deposit or withdrawal, transfer money from one account to another, obtain cash advances from credit cards, or get account balance information. Marine Midland is owned by Marine Midland Banks Inc., 51% of which is owned by Hongkong & Shanghai Banking Corp., Hong Kong.

The Independent Bankers Association of New York argued that Marine Midland's use of the machine created a branch office in violation of a state law barring banks from opening branches in towns with fewer than 50,000 people in which another bank is based. Canandaigua has a population of 11,000 and is home of the Canandaigua National Bank.

The district court agreed with the association and ruled that the teller machine constituted an illegal branch under a McFadden Act definition of a branch as an office "at which deposits are received, or checks paid, or money lent."

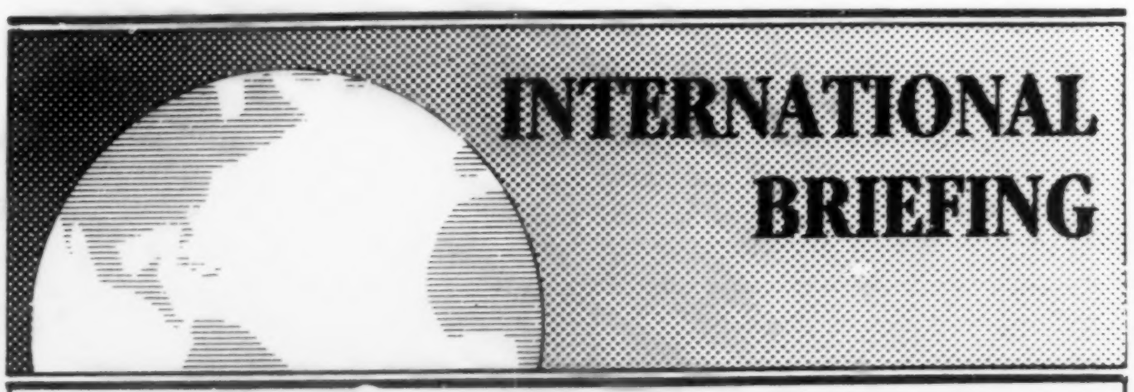
The Second Circuit Court of Appeals reversed the decision, however, citing a 1976 Comptroller of the Currency definition of a branch as a place "owned and operated" by a bank. The appeals court ruled that Wegmans owned the teller machine and that the fee paid by Marine Midland did not constitute rent.

Without the owned-and-operated test, "the definition of branch would be broad enough to include almost any means of communicating instructions to a bank and in theory could bar such accepted conveniences as banking by mail and banking by telephone," the appeals court said, according to court

ATMs: Page 9 ➡

Correction

An item in the In the News column (page 3) on June 9 quoted sources as saying they believed Century National Bank & Trust Co., Rochester, Pa., was involved in merger negotiations with Equimark Corp., Pittsburgh. According to A. Dean Heasley, president and chief executive officer of Century, the bank has never talked to Equimark in connection with a merger. ■



Creditors Consider Alternatives As Mexican Restructuring Lags

LONDON — Lower lending margins, or negative lending margins from providing funds at below-market cost, or even interest payments denominated in pesos are among the possibilities being mentioned as elements of a creditors' package to ease the current financial crisis in Mexico, which has a foreign debt totaling $97.3 billion.

Stressing the uncertainty surrounding the situation, a source here said, "We still do not know exactly what the Mexican government will want. We believe it will be about $2.5 billion to $2.7 billion of new money from commercial banks, but they could also ask for a refinancing of the $950 million of 1983 money restructured last year — and perhaps a further rescheduling of funds already restructured before. They may also want to negotiate lower lending margins."

Over the past weekend, there was still no confirmation that substantive negotiations had been resumed with the International Monetary Fund on an economic program for Mexico that would allow negotiations to start with the nation's 550 commercial bank creditors.

It is estimated here that formal approval of a new credit agreement with the IMF may take at least a month and that negotiations with commercial banks might take another three months thereafter. On that timetable, new financing might not become available until about October, and it is believed here that Mexico might request bridging finance to maintain its interest service until fresh money is released.

There is concern that if negotiations drag out unduly, Mexico may run out of foreign exchange to continue meeting its interest service on its total foreign debt of more than $97 billion. The assumption in London, rightly or otherwise, is that any such bridging finance would have to come from the U.S. government, as after the first "crisis" in August 1982.

Bankers here seem hopeful that Mexico will be able to maintain interest payments at least for as long as an agreement with the IMF remains in prospect, as well as in the interim period after an IMF pact is reached and before a new agreement with the banks.

To ease the current crisis, sparked largely by lower oil prices, the Mexican government is expected to seek net new external financing of at least $6 billion for 1986 and, possibly, as much as $7.5 billion, according to an official source here.

This is well above the 1986 financing requirements of $4 billion that the Mexican authorities spoke of last September, before the collapse of world oil prices. Since then, the Mexican government has said its financing need for this year would be higher than last September's projection and also that it would seek to keep its debt service payments within its capacity to pay.

The net new 1986 financing requirement indicated by the Mexican government last September included a request for $2.5 billion from commercial banking creditors. The revised 1986 "shopping list," as understood here, is thought to include the following requirements:

- About $1 billion from the International Monetary Fund.
- About $1.2 billion from the World Bank and the Inter-American Development bank.
- Between $1 billion and $1.2 billion from Western official creditors in the Paris Club.
- About $600 million from the U.S. government's Commodity Credit Corp.
- About $2.5 billion to $2.7 billion from commercial banks plus, possibly, a further restructuring of debt previously restructured and a reduction of lending margins.
- A residual of trade and other credits from Japan.

As shown in the accompanying table, Mexico's total external debt outstanding at the end of 1985 was $97.3 billion, including more than $76 billion to the international banking system. The latter, in turn, included almost $58 billion owed to foreign banks by the Mexican government and its agencies.

Briefing: Page 18 ➡

Mexico's Amortization Schedule

Repayments of Principal

(In billions of dollars)

	To Foreign Banks				
	By Public Sector	By Private Sector	Total to Banks	To Other Creditors*	Total Repayment of Principal
1986	$1.3	$2.0	$3.3	$2.9	$6.2
1987	$3.8	$1.1	$4.9	$2.2	$7.1
1988	$1.0	$2.7	$3.7	$2.8	$6.5
1989	$3.2	$2.4	$5.6	$2.4	$8.0
1990	$3.6	$2.2	$5.8	$2.3	$8.1
1991	$4.5	$2.2	$6.7	$1.8	$8.5
1992	$4.9	$0.7	$5.6	$1.3	$6.9
1993	$5.6	$0.8	$6.4	$1.0	$7.4
1994	$5.4	$0.1	$5.5	$0.8	$6.3
1995	$5.6	$0.4	$6.0	$0.4	$6.4
1996	$5.8	$0.0	$5.8	$0.3	$6.1
1997	$6.1	$0.0	$6.1	$0.4	$6.5
1998	$6.1	$0.0	$6.1	$0.4	$6.4

Source: Mexican Ministry of Finance. Data as of February 1986. *Includes IMF. Figures may not add because of rounding.

Briefing . . .

➳ Continued from Page 2

Under an unprecedented multiyear agreement signed last year, $48.6 billion of Mexican public sector debt to foreign banks was restructured, on terms allowing that principal to be amortized over the 12 years from 1986 to 1998, instead of the years 1985 to 1990, during which it was originally due to be repaid.

That restructuring package incorporated $20 billion of Mexican public sector debt not previously rescheduled plus about $23.5 billion of public sector debt that had already been rescheduled once before, plus the restructuring of $4.7 billion of new money provided by commercial banks in 1983.

Prior to that agreement, lending margins on Mexico's debt were set at either the London interbank rate plus 0.75% or the U.S. banks' prime rate plus 1.09% on debt not previously restructured; at prime plus 1.75% on the portion of debt that had been restructured before; and at prime plus 2.125% on the new money provided in 1983.

But last year those lending margins were renegotiated to give Mexico more favorable terms. A uniform lending margin was set for both those principal payments being restructured for the first time and those being restructured again. This uniform margin, applying about $43.5 billion of Mexico's public-sector debt, is 0.875% above the London rate or a comparable reference rate applying to the banks' cost of funds. Under present arrangements, that will rise to a margin of 1.125% from 1987 through 1991 and 1.25% from 1992 through 1998.

A reduction also was agreed to on the margin applying to the $4.7 billion of new money provided in 1983 from prime plus 2.125%. And the repayment of the principal of the 1983 money, originally scheduled from 1986-89, was stretched out to 1989-94.

An interesting aspect of the present Mexican financial situation is that Mexico may approach the Paris Club at the prompting of its commercial banking creditors. The Paris Club is the forum in which debt is renegotiated between the governments of debtor countries and Western creditor governments. Government debt renegotiated in this forum includes officially supported and insured export credits.

Mexico's Foreign Debt
(In billions of dollars)

Due to Foreign Banks	
By public sector	$57.8
By private sector	$14.4
By Mexican banks	$3.9
Total	$76.1
Due to Other Foreign Creditors	
By public sector	$15.2
By private sector	$3.1
Total	$18.3
Due to IMF	$2.9
Total foreign debt	**$97.3**

Source: Mexican Ministry of Finance.
Data as of February 1986.

A number of bankers are keen that Mexico should renegotiate within the Paris Club because they would hope to benefit from the club's rule that all creditors be treated on a comparable basis.

The attached amortization schedule is a summary of the projections supplied to creditors earlier this year by the Mexican ministry of finance on the basis of the agreements presently in place. They show repayments of principal due to banks rising very sharply from 1989 on top of an earlier bunching of principal payments due to other creditors, including multinationals, Western governments, and international agencies like the World Bank and the IMF.

Those projections, however, are well below the World Bank's estimate published in March, which projected principal repayments falling due at an average of $10 billion a year through this year, rising to $13.4 billion in 1987, and then remaining at about $11.5 billion a year through 1989.

The amortization schedules would, of course, change to the extent that debt is restructured. Moreover, it must be emphasized that amortization schedules convey only one part of the picture. They cannot provide any indication of net flows, which will depend either on the restructuring of existing debt, or new spontaneous lending if a return to full debt service and credit standing is achieved, or even some combination of restructured and new voluntary lending.

Amortization schedules also exclude interest service. In its world debt tables 1985-86, published in March, the World Bank estimated interest service on Mexico's public and private sector external debt at $7.3 billion for 1985 and projected interest services of $6.3 billion for this year and $5.2 billion for 1987. The World Bank projected a fall in interest service thereafter, but that will not take place to the extent that principal repayments are stretched out beyond the maturities on which the World Bank was basing its projections.

On present projections, amortization will average about $7 billion through the remainder of the 1980s and interest payments an average of another $4.5 billion. That total of about $11.5 billion a year is equal to about 52% of Mexico's total export earnings in 1985, before the collapse of oil prices. It is not obvious how such a level of debt service can be kept up following the fall in the price of oil which, until last year, provided about two-thirds of Mexico's foreign exchange income.

Likewise unclear at this stage is the definition of Mexico's proposal that debt service be kept within its ability to pay. At least two precedents exist for an initiative of this kind by a debtor country. In August 1985, Peru set a limit of 10% of export earnings on interest service of its foreign debt. In January of this year Nigeria's government announced that it would try to keep total debt service in 1986, meaning both amortization and interest, to within 20% of export earnings.

In all the uncertainty surrounding the Mexican position at present, one factor stands out: If the Mexican government succeeds in limiting debt service to some proportion of its export earnings, then the maturities of its public-sector external debt would need to be stretched out on a similarly floating basis, which takes account of changes in the volume of prices of Mexico's exports.

— **M.S. Mendelsohn**

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Takeover Bill Wins Approval Of House Panel

But It Is Watered-Down Version Of What Regulators Requested

By BARTLETT NAYLOR

WASHINGTON — A House banking panel on Thursday approved a measure giving regulators greater authority in emergency interstate takeovers of financial institutions, but the bill would not give the regulators as much leeway as they sought.

Under the bill that moved through the House Banking subcommittee on financial institutions, regulators could invite out-of-state buyers to bid for a failing bank or thrift if it is among the 10 largest in the state, or has at least $500 million in assets.

Federal bank regulators had sought to reduce the current limit of $500 million to $250 million.

"This arrangement is minimally acceptable," said Michael Bradfield, general counsel of the Federal Reserve Board.

Community bankers, represented by the Independent Bankers Association of America, fought the regulators' original initiative, fearing invasion across state lines by New York and California banks eager to acquire smaller banks.

There are nearly 500 banks with $500 million in assets. By adding the 10 largest banks in each state, that only adds a few dozen more to the pool that could be saved through interstate sales.

Community banking interests have not prevailed on all fronts. Among a long list of amendments under consideration Thursday, one amendment giving in-state banks priority in bidding for failing institutions was defeated.

Also, out-of-state buyers would enjoy in-state parity. This means that once an out-of-state bank enters a new state through the acquisition of a failing institution, it can branch throughout the state as widely as can banks

Takeovers: Page 30 ➡

Banks' Market-to-Book Ratios Rise as Interest Rates Decline

By L. MICHAEL CACACE

NEW YORK — Investors' perceptions of the nation's top banking companies, as measured by the market-to-book ratio of the value of bank stocks, improved substantially in 1985, according to an *American Banker* survey.

The improvement was aided no doubt by strong bank earnings in a climate of low interest rates, but perhaps the most important factor was reduced inflationary expectations.

Top Banks' Performance Ratings
Tables on Pages 22, 24

Based on the market-to-book ratio, the market voted J.P. Morgan & Co. the best money center company; Banc One Corp., Columbus, Ohio, the best large regional company; and State Street Boston Corp., the best smaller regional company.

Top Five Banks In Market-to-Book Ratio

	Name of Firm	Market-to-Book Ratio 1985
1	State Street Boston Corp.	236.0%
2	Banc One Corp.	215.4%
3	First Wachovia Corp.	189.6%
4	Barnett Banks of Fla.	177.0%
5	Third National Corp.	176.5%

Top five come from all three peer groups: money centers, large regionals, and smaller regionals.

The annual survey, based on data supplied by Cates Consulting Analysts, New York, reviewed the performance of the nation's largest bank holding companies — the 83 commercial bank holding companies with assets of $5 billion or more on Dec. 31, 1985.

Value: Page 21 ➡

US Sued in Interstate Banking Dispute

By A. JOSEPH NEWMAN JR.

PHILADELPHIA — Pennsylvania Banking Secretary Ben McEnteer Thursday sued Comptroller of the Currency Robert L. Clarke for approving the relocation of a New Jersey national bank to downtown Philadelphia.

Interstate Banking

The suit, filed in U.S. District Court here, asked the court to set aside the approval and to enjoin the bank from doing business here.

Also named as defendants were Bank of New Jersey NA, which relocated its only office on May 27, and the $3.1 billion-asset Horizon Bancorp., Morristown, N.J., parent of the bank.

The bank received permission on May 16 to move from Moorestown, N.J., to Philadelphia under a section of National Banking Code that permits a national bank to relocate up to 30 miles, regardless of state boundaries.

Moorestown is 11 miles as the crow flies from the downtown location that Horizon chose. The bank has since been given a new name — Horizon Bank of Pennsylvania NA.

Regulator Sues Thrift's Former Officers
Page 2

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Page 17

In the suit, Mr. McEnteer said that Pennsylvania law forbids the ownership and control of a national bank located in Pennsylvania by an out-of-state holding company.

In Morristown, James M. Little, Ho-

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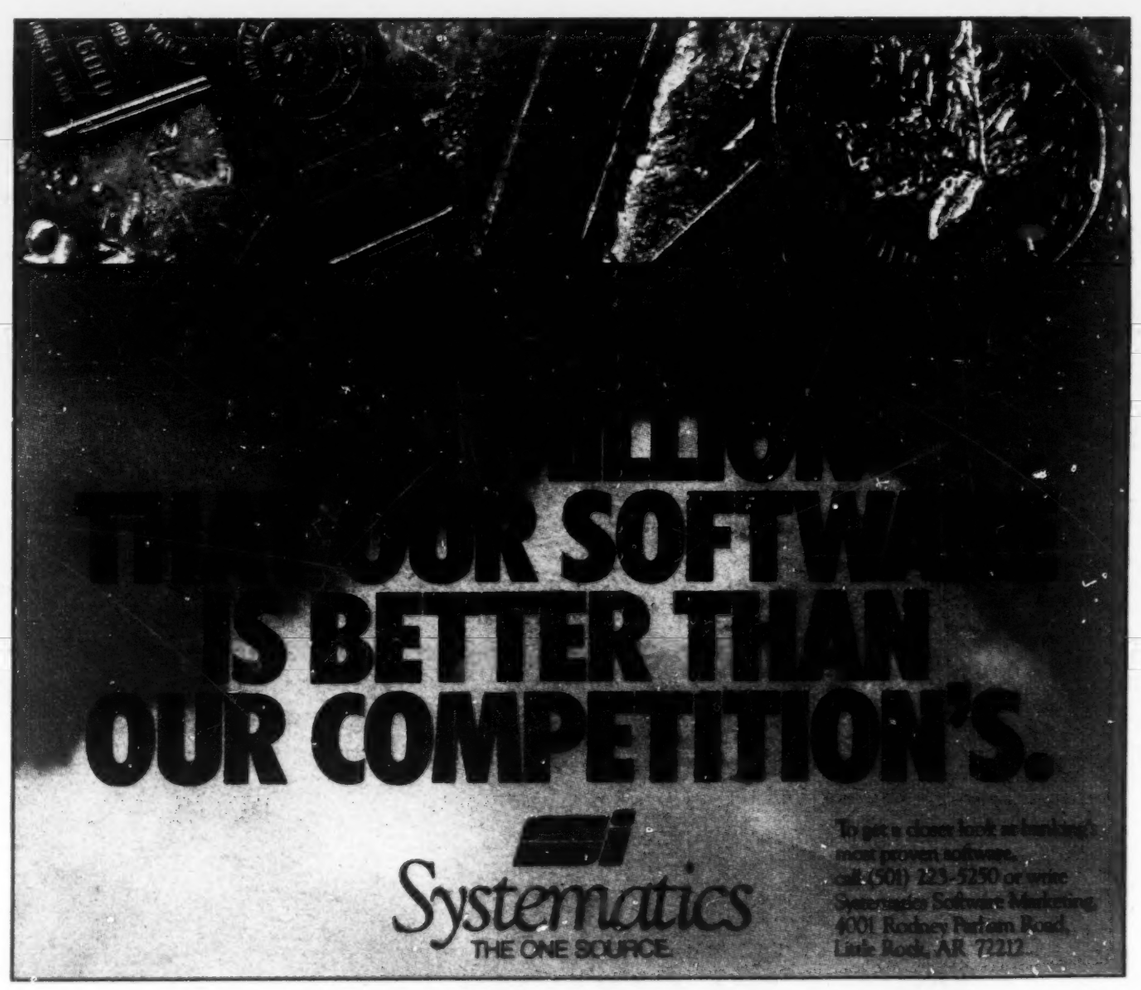

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